

## Message Text

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ACTION ARA-08

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 8301

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

S E C R E T BRASILIA 2224

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LIMDIS

FOR ASSISTANT SECRETARY ROGERS FROM AMBASSADOR

FOR S/P - WINSTON LORD, EB - ASSISTANT SECRETARY ENDERS  
AND OES - ASSISTANT SECRETARY RAY

E. O. 11652: GDS

TAGS: OVIP, PFOR, ECON, ENRG, PARN, ETRD, BR, EFIN

SUBJECT: POSSIBLE THEMES AND INITIATIVES FOR  
SECRETARY'S VISIT TO BRAZIL - AN OVERVIEW

1. THIS FIVE PART MESSAGE IS EMBASSY'S RESPONSE TO  
INVITATION MADE DURING YOUR VISIT TO BRASILIA FOR IDEAS AND  
SUGGESTIONS IN CONNECTION WITH THE SECRETARY'S FORTHCOMING  
VISIT. IN ESSENCE, IT IS AN EXPANSION AND ELABORATION OF  
SOME OF THE CONCEPTS AND IDEAS WHICH WE PRESENTED TO YOU  
DURING THE DISCUSSIONS HERE ON MARCH 13.

A. SOME BASIC CONCEPTIONS

2. OUR GENERAL PREMISE IS:

(A) THAT BRAZIL, AS A RISING POWER ON THE WORLD SCENE  
(LOOKING A DECADE OR MORE AHEAD), DESERVES SPECIAL ATTENTION  
BY SENIOR US POLICY-MAKERS;

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(B) THAT WHILE DECISIONS ON SPECIFIC ISSUES MUST BE MADE IN THE

CONTEXT OF US GLOBAL POLICIES, IT IS QUITE POSSIBLE, WITHIN THAT CONTEXT, TO ENSURE INCREASED EMPHASIS AND ATTENTION TO US INTERESTS IN BRAZIL;

(C) THAT THE SECRETARY'S FORTHCOMING VISIT IS AN EXCELLENT OPPORTUNITY FOR PUTTING THESE PRINCIPLES INTO PRACTICE; AND THAT, ACCORDINGLY

(D) THE SECRETARY, DURING HIS TOUR OF LATIN AMERICA, SHOULD SIGNIFY THIS INCREASED EMPHASIS BY RESERVING CERTAIN SPECIFIC MAJOR INITIATIVES FOR BRAZIL.

3. IN URGING THIS GENERAL APPROACH, THE EMBASSY HAS TRIED TO AVOID PAROCHIALISM. YET, IF IT IS ACCEPTED THAT BRAZIL'S DRIVE FOR MAJOR POWER STATUS OVER THE NEXT DECADES HAS A REASONABLE CHANCE OF SUCCESS, THEN IT FOLLOWS THAT THE US HAS PARTICULAR MAJOR LONG-TERM INTERESTS AT STAKE IN ITS RELATIONSHIP WITH THIS COUNTRY; AND THAT, LOOKING TOWARD THAT FUTURE, A SPECIAL POLICY EFFORT WITHIN THE USG IS CALLED FOR TO ENSURE THAT, TO THE EXTENT POSSIBLE, THE NATIONAL INTERESTS OF THE US AND BRAZIL REMAIN ON A BROADLY CONVERGENT COURSE.

4. AS I HAVE SUGGESTED IN MY EARLIER MESSAGE TO THE SECRETARY (BRASILIA 1508), THE GENERAL STRATEGY WHICH WE ENVISAGE TO IMPLEMENT THIS CONCEPT CONSISTS, BROADLY SPEAKING, OF FOUR ELEMENTS:

(A) INCREASED EMPHASIS ON US/BRAZILIAN BILATERAL RELATIONS. WE SHOULD RECOGNIZE, BY WORD AND DEED, BRAZIL'S POTENTIAL AND TREAT WITH IT AS AN EMERGING POWER AND FUTURE MAJOR PARTNER OF THE US.

(B) A SPECIAL POLICY EFFORT TO CONTAIN SOURCES OF FRICTION THAT COULD AFFECT THE RELATIONSHIP. AT PRESENT, THESE PROBLEMS ARE CONFINED ESSENTIALLY TO THE SPHERE OF FOREIGN TRADE; IN THE FUTURE, A MAJOR SOURCE OF TENSION COULD DEVELOP IN THE NUCLEAR AREA AS BRAZIL CONTINUES THE PURSUIT OF A NUCLEAR OPTION, CONTRARY TO US NON-PROLIFERATION OBJECTIVES.

(C) A SPECIAL POLICY EFFORT TO STRENGTHEN BRAZIL'S STAKE IN ITS BILATERAL RELATIONSHIP WITH THE US, THROUGH APPROPRIATE ACTIONS, PARTICULARLY IN THE ECONOMIC SPHERE--TEMPERED BY THE RECOGNITION THAT OUR ABILITY TO DO SO MAY  
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BE LIMITED. AS PART OF ITS SEARCH FOR INCREASED INFLUENCE ON THE WORLD SCENE, BRAZIL WILL CONTINUE TO PURSUE ITS NON-AUTOMATIC-ALIGNMENT AND DIVERSIFICATION STRATEGIES IN ORDER TO REDUCE DEPENDENCE ON ANY ONE COUNTRY, INCLUDING THE US. AT THE SAME TIME, IF WE MANAGE OUR AFFAIRS PROPERLY, WE WILL RETAIN VERY SUBSTANTIAL ASSETS VIS-A-VIS BRAZIL, WHICH CAN BE USED TO PRESERVE RELATIVELY CLOSE TIES AS BRAZIL CONTINUES TO EXPAND NEW RELATIONSHIPS.

(D) ACCEPTANCE OF THE THEME OF RECIPROCITY IN OUR BILATERAL DIALOGUE. AS WE GIVE INCREASED RECOGNITION -- AND SELECTIVE SUPPORT -- TO BRAZIL'S POTENTIAL ROLE ON THE WORLD SCENE, THERE IS NO REASON WHY WE SHOULD NOT ALSO POINT OUT, WITH DUE REGARD TO BRAZILIAN SENSITIVITIES, THAT ENHANCED INFLUENCE, GLOBALLY AND IN THE HEMISPHERE, MEANS INCREASED RESPONSIBILITY. THERE IS CONSIDERABLE JUSTIFICATION IN THE GOB'S CLAIM THAT BRAZIL IS STILL AN UNDERDEVELOPED COUNTRY AND THAT IN THE ECONOMIC AREA, PARTICULARLY THE TRADING SPHERE, IT SHOULD BENEFIT FROM SPECIAL AND DIFFERENTIAL MEASURES, SUCH AS THOSE AGREED IN THE TOKYO DECLARATION, IN FAVOR OF LDCS. NEVERTHELESS, WHILE ACKNOWLEDGING THIS CLAIM, WE SHOULD IDENTIFY AREAS IN WHICH BRAZIL CAN BE ASKED TO PROVIDE SOME MEASURE OF RECIPROCITY. THIS WILL BE, IN SOME RESPECTS, A ROLE THAT BRAZIL WILL NOT WANT TO ACCEPT EASILY, WHICH LIKES TO SEE ITSELF, AS AN LDC, ENTITLED TO UNILATERALLY BESTOWED BENEFITS. BUT AN EFFORT IN THIS AREA IS ESSENTIAL TO A SOUND RELATIONSHIP FOR THE LONGER TERM.

5. BEYOND THESE LONG-RANGE CONCERNS, THE US, OF COURSE, HAS BERY TANGIBLE ECONOMIC INTERESTS AT STAKE, WHICH INDICATE A DIFFERENTIATED US APPROACH FOR BRAZIL. THE FACTS ARE WELL KNOWN TO YOU: 37 PERCENT OF ALL FOREIGN INVESTMENT IS AMERICAN; ALMOST 30 PERCENT OF ALL OF BRAZIL'S IMPORTS ARE FROM THE US. EVEN TODAY, THE BOOK VALUE OF US INVESTMENTS EXCEEDS THOSE IN ANY OHTER LATIN AMERICAN COUNTRY -- EXCETP FOR VENEZUELA AND MEXICO BY A WIDE MARGIN. GIVEN BRAZIL'S PROSPECTS FOR AN ECONOMY OF ESSENTIALLY CONTINENTAL DIMENSIONS, THESE BUSINESS OPERATIONS OFFER UNUSUAL OPQORTUNITIES FOR DYNAMIC GROWTH.

6. AGAINST THIS GENERAL BACKGROUND, THERE FOLLOWS A GENERAL DISCUSSION OF POSSIBLE AREAS IN WHICH THE SECRETARY MIGHT  
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CONSIDER INITIATIVES FOR HIS VISIT. OUR THOUGHTS ARE TENTATIVE AND DELIBERATELY (WE HOPE) PROVOCATIVE; WE DO NOT HAVE THE CAPABILITY TO STAFF THEM OUT IN DETAIL. THEY ARE SUBMITTED AS SUGGESTIONS FOR FURTHER WORK IN WASHINGTON.

7. SUBSEQUENT SECTIONS OF THIS MESSAGE WILL ADDRESS:  
--TRADE RELATIONS (INCLUDING THE TRADE ACT) - SECTION B  
--COMMODITY POLICY (ESPECIALLY COFFEE) - SECTION C  
--ENERGY, FOOD AND SCIENTIFIC COOPERATION - SECTION D  
--THE NUCLEAR ISSUE-SECTION E  
--US INVESTMENTS AND COMMERCIAL ACTIVITIES - SECTION F  
--FORMAT FOR VISIT AND FOLLOW-UP - SECTION G  
CRIMMINS

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